

MEDICAID INTERIM COMMITTEE

Friday, January 5, 2007 – 8:30 a.m. – Room W135 House Building

Members Present:

Sen. Sheldon L. Killpack, Senate Chair
Rep. Merlynn T. Newbold, House Chair
Sen. Allen M. Christensen
Sen. Gene Davis
Rep. D. Gregg Buxton
Rep. David Litvack
Rep. Michael E. Noel
Rep. Paul Ray

Members Absent:

Sen. Lyle W. Hillyard
Rep. Karen W. Morgan

Staff Present:

Mr. Mark D. Andrews, Policy Analyst
Mr. Leif G. Elder, Research Analyst
Mr. Derek Byrne, Analyst
Mr. Stan Eckersley, Analyst
Mr. William Greer, Analyst
Ms. Debbie Headden, Analyst
Ms. Catherine J. Dupont, Associate General Counsel
Mr. Thomas R. Vaughn, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Newbold called the meeting to order at 8:51 a.m. She excused Sen. Hillyard and Rep. Morgan from the meeting.

2. Report on Potential for Consolidating the Medicaid Eligibility Systems of the Departments of Health and Workforce Services

Mr. Eckersley distributed and discussed "Issue Brief - Eligibility Services Consolidation." He explained the potential cost savings and other benefits of consolidating the Medicaid eligibility functions provided by DOH (Department of Health) and DWS (Department of Workforce Services). He also explained how the consolidation would be accomplished.

Mr. Greer explained why DOH and DWS employees who perform similar jobs are paid on different pay scales.

Dr. David Sundwall, Executive Director, DOH, explained that the consolidation of Medicaid eligibility makes sense if it saves money. He said that he doesn't believe it is urgent to consolidate for the benefit of implementing the new eRep computer system. He also said that consolidation does not need to take place to fix differences between DOH and DWS in compensation. He said he believes that is a different issue.

Ms. Tani Downing, Executive Director, DWS, agreed with most of Dr. Sundwall's comments. However, she stated that she believes there is a greater risk of eRep not being implemented on schedule if the consolidation of the eligibility function does not take effect soon.

3. Medicaid Accountability, Prioritization, and Funding in Utah

Mr. Elder distributed and discussed "Medicaid Interim Committee - Accountability." He explained that there are three ways to hold individuals on Medicaid accountable for their lifestyles: rewards, penalties, and advanced planning incentives.

Sen. Davis asked if waivers would be needed to implement accountability programs. Mr. Elder replied that the federal government has made it easier for states to implement new programs without waivers. He said a waiver would probably not be needed to implement a health benefit account.

Mr. Greer distributed and discussed "Utah Cases Served Report - Number of Persons."

4. Medicaid Audit and Recovery

Mr. Gary Thorup, Holme, Roberts & Owen, representing Digital Healthcare, explained that preemptive automated coordination of Medicaid benefits with enforcement of existing law for third party payment will have an immediate positive impact on program spending. Mr. Thorup said that Digital Healthcare believes there is sufficient federal legislation in place to address fraudulent Medicaid claims, but the implementation must take place at the state level. He explained that Digital Healthcare has developed a process to identify historic false claims through an auditing process. Digital Healthcare can audit every state's past Medicaid claims through a computer database while meeting all state and federal standards. Mr. Thorup said that Digital Healthcare has proposed legislation to make the auditing process more efficient and indicated that Digital Healthcare is offering the state a no-cost audit of its claims.

Mr. Michael Hales, Director, Division of Health Care Financing, DOH, said DOH works with the Office of Recovery Services in the Department of Human Services to collect money from private insurance companies for Medicaid costs. He said that Medicaid clients can have other insurance, but that the other insurance must pay first. Mr. Hales indicated that the Department has consulted with Digital Healthcare before, but did not believe that the benefits would outweigh the costs. Mr. Hales said DOH has the benefit of UHIN (the Utah Health Information Network) which pools information from all the health insurers in Utah. He said UHIN is working on a master patient index which would allow all insurance companies to feed information to Medicaid for additional cost avoidance and collection. He said that no waivers are necessary because DOH considers the information administrative.

5. Presentation on Capitated Medicaid Services

Ms. Candace Daly, representing Standard Optical, introduced this item.

Mr. Stephen Schubach, Opticare of Utah, explained that he believes that businesses, individuals, and government will have to work together to contain Medicaid costs. He said that individuals are more likely to be employed if they have good vision care and that Opticare of Utah, in conjunction with Standard Optical, are committed to devising a plan to help individuals on Medicaid receive quality vision care.

Mr. Aaron Schubach, Opticare of Utah, distributed and discussed "Funded Proposal - Confidential" and "Opticare of Utah Locations." He explained Opticare of Utah's proposal to create a Medicaid routine vision plan that would include an eye exam, frames, and lenses. He said that Opticare of Utah would need an eligibility listing of all Medicaid members each month, but that Opticare of Utah would administer all claims, eligibility, and benefits.

Mr. Hales said that the governor's proposed budget includes \$250,000 for vision coverage.

6. Public Comment on Potential Committee Recommendations

Ms. Judi Hilman, representing Utah Health Policy Project, distributed and discussed "Medicaid Investment and Cost Containment NAVIGATOR 2007-09," "The Economic Impact of Medicaid Investments for 2007," "Managing Medicaid Costs," and "Pharmaceutical Bulk Purchasing Laws and Initiatives." She explained how the state could save money on Medicaid costs by implementing a preferred drug list, bulk purchasing, and a family planning waiver.

Ms. Cathy Chambless, Legislative Coalition for People with Disabilities, spoke in opposition to the consolidation of Medicaid eligibility between DOH and DWS. She explained that most individuals with disabilities get Medicaid services through DOH rather than working with DWS.

Ms. Lynne Larsen Miller, Granite School District, spoke against the consolidation of Medicaid eligibility between DOH and DWS.

Dr. Joseph Cramer, representing the Utah Digital Health Service Commission, distributed and discussed "Utah Digital Healthcare Service Commission" and "26-9f-104 Duties and Responsibilities." He proposed the adoption of digital health medical records for the medical community. He said the proposal asks for \$7 million to promote and fund digital health records.

Mr. Steve Erickson, Utah Issues, said that Utah Issues has reservations about the consolidation of eligibility services between DOH and DWS and that there could be the possibility of individuals who are eligible for Medicaid services slipping between the cracks and being lost. He also complimented the Committee on trying to find ways of saving costs.

Ms. Sheila Walsh-McDonald, Salt Lake Community Action Program, spoke against the consolidation of Medicaid eligibility between DOH and DWS.

Ms. Laura Polacheck, AARP Utah, spoke in favor of implementing a preferred drug list.

Mr. Dave Gessel, UHA: Utah Hospitals and Health Systems, said that UHA strongly opposes the consolidation of eligibility services by DOH and DWS. He also recommended prioritizing mandatory and optional services.

Mr. Jack Tanner, Utah Behavioral Healthcare Network and Utah Association of Counties, spoke against the consolidation of eligibility services by DOH and DWS.

7. Medicaid Interim Committee Recommendations

MOTION: Sen. Killpack moved to implement an electronic medical system and put out an RFP to see if anyone in the private sector would be interested in joining on a "share of cost savings" basis.

Dr. Sundwall and Dr. Cramer said that many health care providers already use electronic medical records.

The motion passed unanimously.

MOTION: Sen. Christensen moved to forward the information on consolidation of Medicaid eligibility services between DOH and DWS to the Health and Human Services and Commerce and Workforce Services Appropriations Subcommittees without any recommendation by the Medicaid Interim Committee. The Committee is awaiting further information from the Governor's Office of Planning and Budget. The motion passed unanimously.

MOTION: Sen. Christensen moved to recommend to the Health and Human Services Appropriations Subcommittee that there not be a cap on the Medicaid program in statute, but have as a directed goal in spending in Medicaid and the health and human services area, to make a sincere attempt to limit the growth in spending in health and human services to a historic growth amount of 5.5 percent.

SUBSTITUTION MOTION: Sen. Davis moved to recommend to the Legislative Management Committee that the Medicaid Interim Committee be allowed to continue with five more meetings. The motion passed with Sen. Christensen voting in opposition.

MOTION: Rep. Noel moved to determine an "acceptable growth formula" for Medicaid services, that during the 2007 General Session that limit be set at five percent, and that, in subsequent years, the "acceptable growth formula" be used. The motion passed with Sen. Davis and Rep. Litvack voting in opposition.

MOTION: Sen. Killpack moved to make a precise Medicaid mission statement, to prioritize services according to the mission statement, and that if the Medicaid Interim Committee is not continued, this be passed on to the Health and Human Services Appropriations Subcommittee. The motion passed unanimously.

MOTION: Sen. Christensen moved to further study: (1) a preferred drug list, (2) accountability factors, and (3) prescription drug bulk purchasing; and that the offer of a free audit by Digital Healthcare be looked at. The motion passed unanimously.

MOTION: Sen. Killpack moved to explore a pilot program for health opportunity accounts with swingouts for major medical coverage. The motion passed unanimously.

MOTION: Rep. Ray moved that the Committee encourage DOH to look at other options to reduce service costs, like using the Standard Optical plan and providing additional services through health opportunity accounts, and that DOH report on these options to the Health and Human Services Appropriations Subcommittee. The motion passed unanimously with Sen. Killpack absent for the vote.

MOTION: Rep. Litvack moved that the Health and Human Services Appropriations Subcommittee take into account the economic impact of Medicaid spending for purposes of determining the FY 08 Medicaid spending cap and that any formula for subsequent years also take into account the economic impact of Medicaid. The motion passed with Rep. Noel voting in opposition and Sen. Killpack absent for the vote.

8. Adjourn

MOTION: Sen. Davis moved to adjourn the meeting. The motion passed unanimously with Sen. Killpack absent for the vote.

Chair Newbold adjourned the meeting at 11:54 a.m.